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A NEW STUDY CHALLENGES THE HYPE

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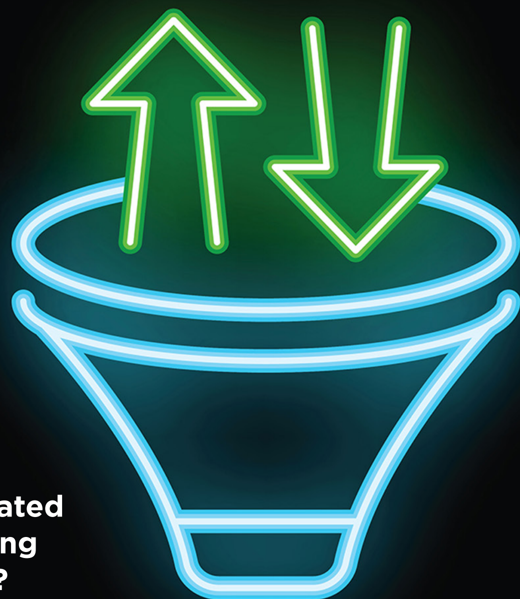

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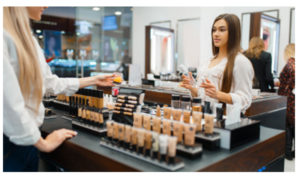

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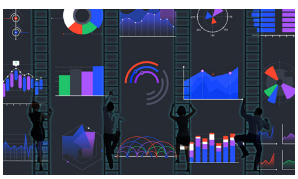

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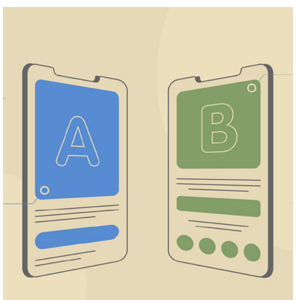

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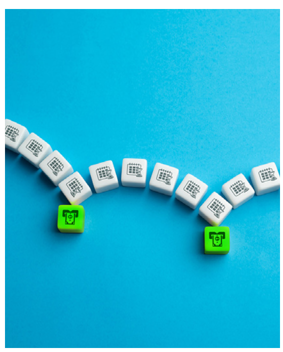

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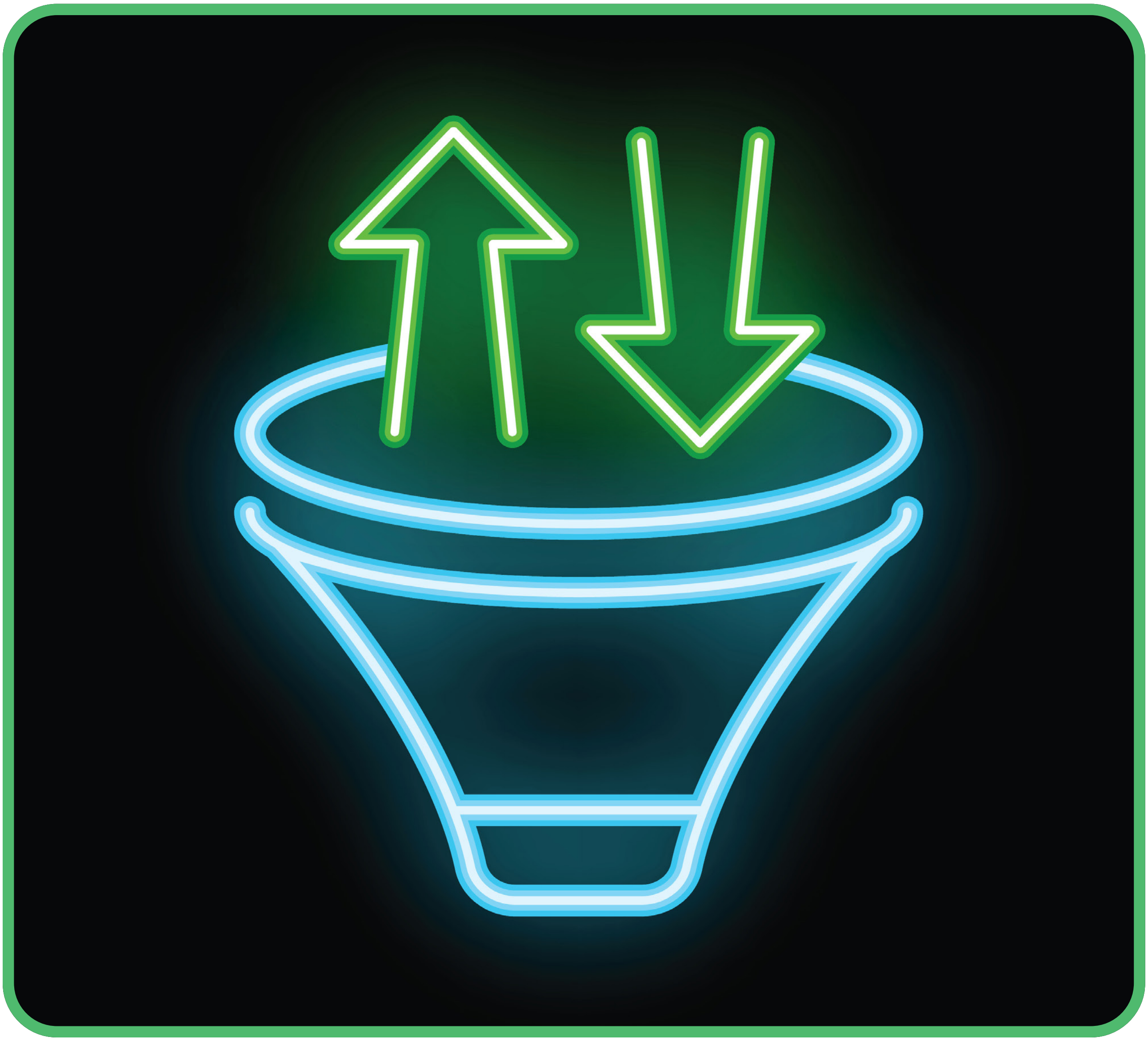


Does Automated Lead Nurturing Really Work?

A New Study Challenges the Hype

BY JOHANNES HABEL, NATHANIEL N. HARTMANN, PHILLIP WISEMAN, MICHAEL AHEARNE, AND SHASHANK VAID

Marketing automation is a booming industry, with investments expected to reach $9.7 billion by 2031. Businesses are increasingly relying on automated lead nurturing (ALN) to guide potential customers through the sales funnel. But does ALN actually improve conversion rates, or is it just another trend?

A new *Journal of Marketing* study finds that ALN is effective—but only under specific conditions. Some businesses experience significant increases in sales, while others see little to no impact. The key factors determining success include the nature of the sales cycle, deal complexity, and whether the customer is new or returning.

We uncover a critical insight: ALN enhances lead interactions and improves the quality of sales conversations, but it does not guarantee higher conversion rates across all industries. ALN works best when used for new leads, short sales cycles, and lower-value deals. However, its benefits decline in high-ticket purchases or industries where buyers conduct extensive independent research.

This distinction has major implications for businesses investing in ALN. Many companies measure ALN success using vanity metrics—email opens, click-through rates, and engagement levels—without assessing whether those interactions lead to actual sales. Our findings suggest that firms should rethink how they evaluate automation success and shift their focus to measuring ALN's impact on meaningful outcomes like sales meetings and conversions.

When ALN Works—and When It Doesn't

For companies selling relatively simple products or services with shorter sales cycles, ALN can be a powerful tool. By delivering targeted content at the right time, ALN reduces uncertainty for potential buyers and ensures that sales teams engage with more informed prospects. Our research finds that in such cases, ALN can lead to a 23 percentage point increase in conversion rates.

However, for industries with long and complex sales cycles, such as B2B enterprise software or industrial equipment, ALN's impact is less clear. In these cases, buyers rely on detailed research, peer recommendations, and in-depth consultations rather than automated content. ALN may increase engagement but does not necessarily lead to more closed deals.

Returning customers also respond differently to ALN compared to first-time buyers. Since they already have a relationship with the brand, they are less likely to need automated content to guide their purchase decision. This means companies must differentiate how they nurture new versus existing leads, rather than applying a one-size-fits-all approach.

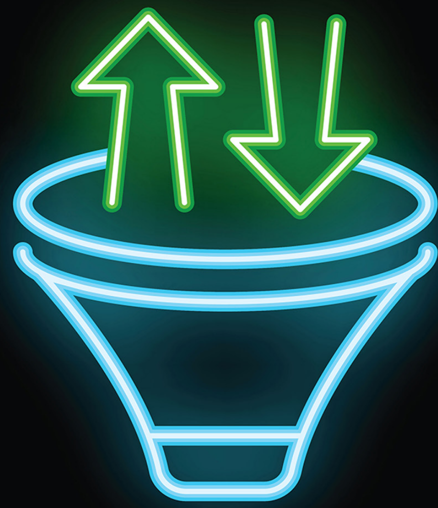
Are Businesses Measuring the Wrong Metrics?

One of the biggest mistakes we observe is companies focusing too much on engagement metrics rather than true business outcomes. Many firms evaluate ALN success on the basis of email opens, website visits, or social media interactions. Although these indicators suggest interest, they do not necessarily translate into revenue.

Our research suggests that businesses should measure ALN effectiveness by tracking:

- **Lead-to-sales meeting conversion rates** (Does ALN drive actual conversations between buyers and sales teams?)
- **Sales cycle speed** (Does ALN shorten the time it takes to close a deal?)
- **Revenue impact** (Does ALN increase the number of closed deals and overall profitability?)

Shifting to these meaningful metrics will help businesses make informed decisions about ALN's true value.



ALN works best when used for new leads, short sales cycles, and lower-value deals. However, its benefits decline in high-ticket purchases or industries where buyers conduct extensive independent research.

How Companies Can Use ALN Strategically

We find that ALN works best as an enhancement—not a replacement—for human sales interactions. Companies that rely too heavily on automation risk alienating high-value prospects who expect personalized, consultative selling. Instead of viewing ALN as a standalone solution, businesses should:

- **Segment their leads** and tailor ALN for different customer groups (e.g., new vs. returning buyers).
- **Use ALN to complement human interactions**, rather than replace them, particularly for complex sales.
- **Refine ALN strategies over time** by tracking real business outcomes rather than engagement metrics.

For marketing leaders, the takeaway is clear: ALN can be a powerful tool, but only if it is applied strategically. Businesses should test its impact before fully committing, ensuring that automation aligns with their sales process rather than relying on industry hype. MN

READ THE FULL ARTICLE
Johannes Habel, Nathaniel Hartmann, Phillip Wiseman, Michael Ahearne, and Shashank Vaid, "Sales Pipeline Technology: Automated Lead Nurturing," *Journal of Marketing*.

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What's Better for Motivating Salespeople: Group or Individual Incentives?

New Research Shows It Depends on the Brand

BY WENSHU ZHANG, JIA LI, AND SUBRAMANIAN BALACHANDER

Should a brand adopt group or individual sales incentives for its retail sales force? Could differences in brand strength or brand equity affect how brands incentivize their sales force?

In a new *Journal of Marketing* study, we offer a compelling reason for considering brand strength when designing sales incentives in brand-managed retail (BMR) sales settings.

For context: a BMR setting may be a store-within-a-store (SWAS), such as the cosmetics counters in most major U.S. department stores, or a brand-managed standalone store such as Aveda or Gap. Such BMR settings are typically staffed by the brand rather than the retailer, with the brand also having autonomy over

Weaker brands may be more profitable with group incentives. Conversely, we find that stronger brands would be better off with individual salesperson incentives.

inventory and pricing decisions for its products. Although BMR has been historically more prevalent in Europe and Asia than in the U.S., brands are adding SWAS offerings everywhere to reach new customers and to offer additional touchpoints for customers.

Our research team explores this dynamic retail context and investigates the sales incentives used in a variety of BMR settings. In our investigation, we uncover a significant variability in the use of individual and group sales incentives by brands in these settings. Some brands opt for individual incentives to motivate salespeople based on performance, others lean toward group incentives, and a portion adopt a combination of both approaches. This diversity in incentive structures prompted us to explore the underlying factors driving incentive choices by brands.

The literature shows that among other factors, brand strength and sales incentives affect the selling effectiveness of retail salespersons, leading us to conjecture that the differences in incentive choices by brands may be tied to the strength of those brands.

The Secret to Designing Incentives

We use a theoretical principal-agent model to investigate how brand strength may influence the relative profitability of different types of incentives. Our model assumes a BMR setting with salespersons serving a mix of consumers, including some who might be repeat buyers ready to purchase and others who are uninformed about the brand's value proposition and need to be sold by the salesperson.

In designing incentives, a firm would ideally like to offer incentives only for selling to the uninformed consumer because this sale requires salesperson effort. Firms cannot usually observe whether a sale made by an individual salesperson was to an uninformed consumer; instead, firms have better information on whether the group as a whole sold to an uninformed consumer because the group output in this case would be higher than otherwise. Our analysis suggests that this information advantage of group incentives is more potent for weaker brands, resulting in the main finding that weaker brands may be more profitable with group incentives. Conversely, we find that stronger brands would be better off with individual salesperson incentives.

An important qualification to our theoretical results: they apply to somewhat established brands and not to very weak brands. For example, Clarins and Estée Lauder are both established cosmetic brands, but Clarins ranks lower than Estée Lauder in many brand equity rankings and may benefit from using group incentives in its BMR operations, while Estée Lauder may benefit less.

Lessons for Marketing Managers

Our findings underscore the efficiency implications of aligning sales incentives with brand strength. We offer the following lessons to help chief marketing officers make better decisions about individual and group incentives.

- Managers of BMR sales operations need to determine whether their brand falls on the weak or strong end of the spectrum. This empirical question is to be answered by data, which could be from brand equity metrics such as the revenue premium or from surveys that measure consumers' knowledge, attitude, and emotional connection toward the brand. These data can help managers form a judgment about the strength of their brand and determine the best sales incentives.

- A combination of individual and group incentives can sometimes be better than having just one type of incentive, although this is less so for weaker brands, which may find that offering a group incentive alone is best.

- Our study underscores the importance of adopting a holistic approach when devising marketing strategies. For instance, when a brand allocates substantial resources over time to elevate its brand image, it is imperative for managers to evaluate potential adjustments to the compensation structures of their customer-facing BMR employees.

A limitation of our study is that it focuses on BMR settings, so future research could examine the applicability of our results beyond these settings. As seen from our empirical results, data from two different settings are consistent with our theoretical predictions. Yet, while the literature does not offer an alternative explanation for why brand strength may be related to the choice of group versus individual incentives, new alternative explanations for our results may emerge in the future. **MN**

READ THE FULL ARTICLE
Wenshu Zhang, Jia Li, and Subramanian Balachander, "Group or Individual Sales Incentives? What Is Best for Brand-Managed Retail Sales Operations?" *Journal of Marketing*.

Do Performance Rankings Actually Motivate Salespeople?

BY MOLLY AHEARNE, MOHSEN POURMASOUDI, YASHAR ATEFI, AND SON K. LAM

U.S. firms spend an estimated $3.6 billion annually on sales performance management (SPM) practices and tools. This figure is expected to rise to $6.4 billion by 2030, underscoring the growing importance of SPM practices within organizations.

One of the most commonly used SPM practices involves companies publishing the sales performance rankings of their salespeople on key performance metrics. The goal of publishing performance rankings is to provide feedback to all salespeople by disclosing their performance relative to their peers, thereby creating a competitive motive for performance improvement. However, despite widespread use, the effectiveness of these rankings has not been explored.

In a new *Journal of Marketing* study, we examine how the presentation of performance rankings influences critical outcomes, including salesperson quota attainment and employee turnover.

Questions Around Performance Rankings

Our research poses four primary questions:

1. Do performance rankings effectively motivate salespeople to improve their performance?

2. Does this effectiveness vary by the type of information published alongside the ranking?

3. What are the conditions under which publishing certain information with performance rankings is more or less effective?

4. What are the long-term implications of performance rankings on salesperson turnover?

Our research team conducted two studies involving over 27,000 salespeople from more than 170 firms across 83 countries. These studies leveraged extensive field data to examine the effects of three distinct information conditions: anonymized performance rankings, identifiable performance rankings, and identifiable rankings with quotas.

Our findings reveal that while performance rankings can positively influence sales outcomes, their effectiveness—and, by extension, the value derived from the performance ranking dashboard—hinges significantly on the type of information disclosed within the dashboards.

For instance, anonymized rankings effectively motivate salespeople to increase their quota attainment, yet they also lead to higher turnover rates, which can result in substantial indirect costs related to recruitment, training, and loss of organizational knowledge. As a result, the costs associated with implementing and maintaining anonymized ranking systems may not be justified by the outcomes unless turnover can be effectively managed.

In contrast, identifiable performance rankings have the most substantial positive impact across our two studies, significantly enhancing quota attainment and reducing turnover. Our findings indicate that when salespeople know the identities of their peers in the rankings, they are motivated not only to improve their performance but also to maintain a positive social image. This dual motivation of self-improvement and self-presentation drives better performance and lowers turnover rates. However, when quotas are disclosed alongside identities and performance rankings, we fail to see performance-enhancing benefits.

Lessons for Chief Marketing Officers

Our study offers valuable lessons for managers and salespeople:

- More information is not always better. Instead, the strategic selection and combination of performance data are crucial for achieving both immediate and enduring positive outcomes.

- Managers should develop and implement identifiable ranking systems, ensuring transparency in how rankings are determined and communicated.

- Managers should avoid including fixed or objective performance metrics (i.e., quotas) in ranking systems to focus on relative performance evaluations, which is essential for the effectiveness of these systems.

Implementing these recommendations can drive essential behavioral changes among sales managers and executive leadership within sales organizations. Sales managers will

While performance rankings can positively influence sales outcomes, their effectiveness—and, by extension, the value derived from the performance ranking dashboard—hinges significantly on the type of information disclosed within the dashboards.

be able to adopt a more strategic approach to performance ranking disclosures, emphasizing transparency and leveraging the motivational benefits of identifiable rankings, which should lead to improvements in quota attainment and reduced turnover within their teams.

Furthermore, executive leaders can invest in performance ranking dashboards that are tailored to their organization's unique characteristics, taking into account their sales force's compensation structure and size. By doing so, they can ensure the investment in performance dashboards will justify the costs by achieving substantial performance gains and minimizing turnover, thereby enhancing the overall effectiveness of the sales force.

Our research highlights the critical role of transparency and information type in performance rankings. By implementing performance rankings and carefully selecting the information disclosed alongside them, they can create a more motivated and loyal sales force. This approach will not only drive better performance outcomes but also contribute to a more sustainable organizational culture.

We urge scholars to build on our research and explore rankings on team goals and how they interact with individual salesperson rankings. Furthermore, it is important to study factors such as familiarity and social interactions between salespeople, office proximity and location, physical versus virtual contact between peers, and the extent of knowledge sharing. Future studies can also expand our understanding of how performance rankings may differ in effectiveness depending on the motivational orientation of salespeople. MN

READ THE FULL ARTICLE
Molly Ahearne, Mohsen Pourmasoudi, Yashar Atefi, and Son K. Lam, "Sales Performance Rankings: Examining the Impact of the Type of Information Displayed on Sales Force Outcomes," *Journal of Marketing*.

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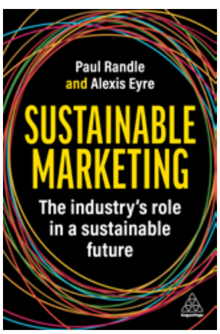

WINNER:

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by Paul Randle and Alexis Eyre

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Winning Article: "The Platformization of Brands" (*Journal of Marketing*, 2022)

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Winning Dissertation: "Essays on Disability: Consumer Needs, Tradeoffs, and New Product Design"

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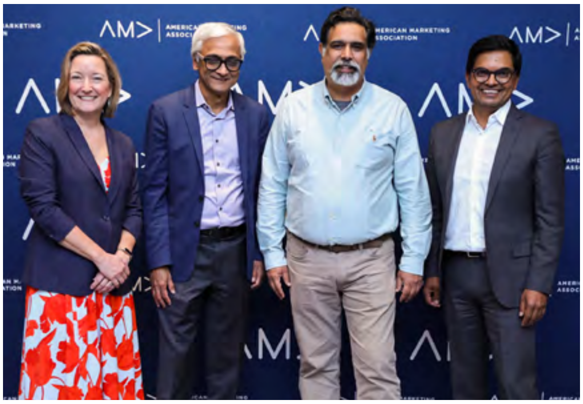

Pictured: Rebecca J. Slotegraaf, Sundar G. Bharadwaj, Rajdeep Grewal and Rajesh K. Chandy

Nominate an outstanding marketer for an award! »

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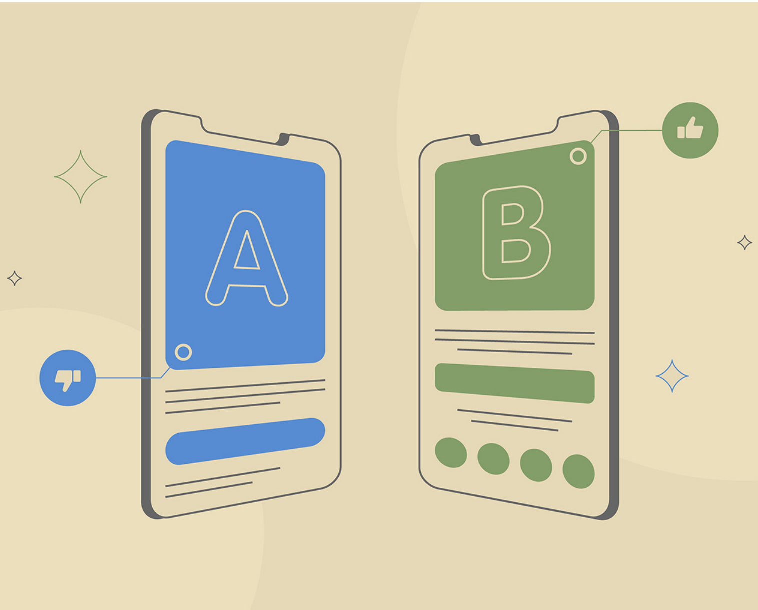


Can You Trust Your Ad Data?

A New Study Exposes a Hidden Flaw in A/B Testing on Digital Ad Platforms

BY MICHAEL BRAUN AND ERIC M. SCHWARTZ

Consider a landscaping company whose designs focus on native plants and water conservation. The company creates two advertisements: one focused on sustainability (ad A) and another on aesthetics (ad B). As platforms personalize the ads that different users receive, ads A and B will be delivered to groups with diverging mixes. Users interested in outdoor activities may see the sustainability ad, whereas users interested in home decor may see the aesthetics ad. Targeting ads to specific consumers is a major part of the value that platforms offer to advertisers because it aims to place the "right" ads in front of the "right" users.

In a new *Journal of Marketing* study, we find that online A/B testing in digital advertising may not be delivering the reliable insights marketers expect. Our research uncovers significant limitations in the experimentation tools provided by online advertising platforms, potentially creating misleading conclusions about ad performance.

The Issue with Divergent Delivery

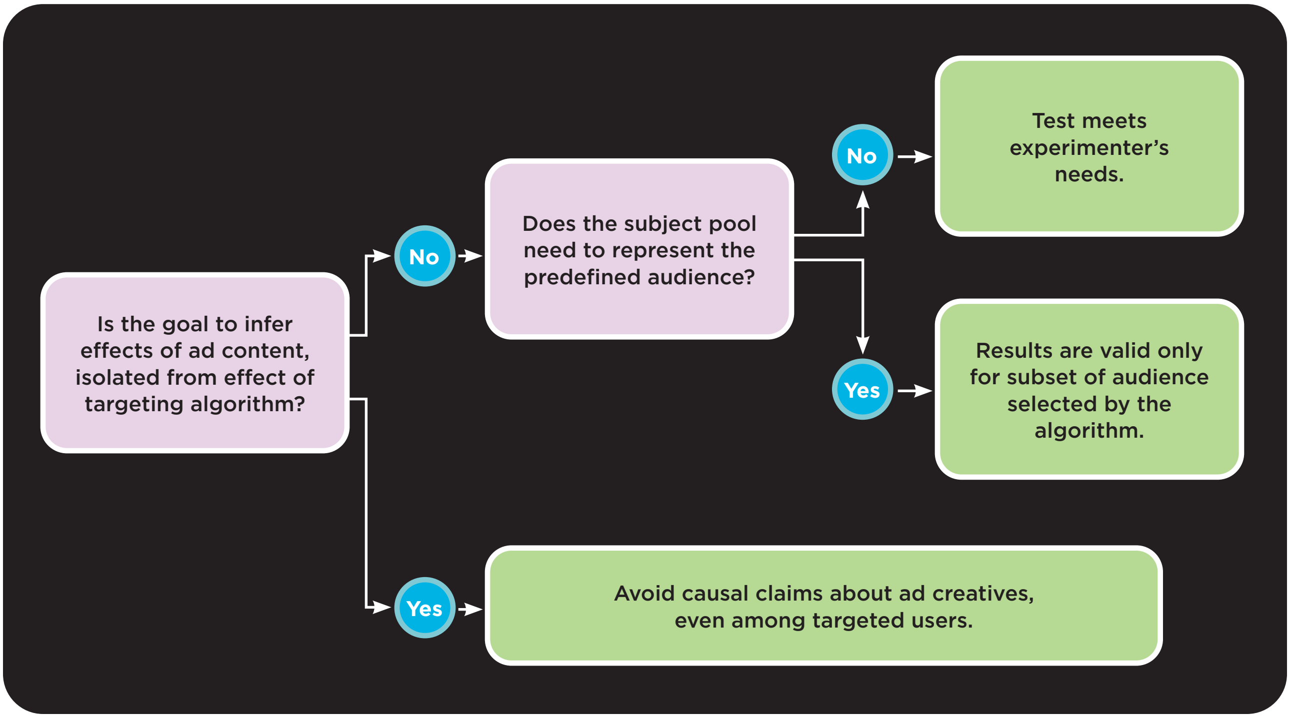
We highlight a phenomenon called "divergent delivery," in which the targeting algorithms used by online advertising platforms like Meta and Google target different types of users with different ad content. The problem arises when the algorithm sends different ads to distinct mixes of users using A/B testing: an experiment designed to compare the effectiveness of the two ads. The "winning" ad may have performed better simply because the algorithm showed it to users who were more prone to respond to the ad than the users who saw the other ad. The same ad could appear to perform better or worse depending on the mix of users who see it rather than on the creative content of the ad itself.

For an advertiser, especially with a large audience to choose from and a limited budget, targeting provides plenty of value. So large companies like Google and Meta use algorithms that allocate ads to specific users. On these platforms, advertisers bid for the right to show ads to users in an audience. However, the winner of an auction for the right to place an ad on a particular user's screen is not based on monetary value of the bids alone but also the ad content and user–ad relevance. The precise inputs and methods that determine the relevance of ads to users, how relevance influences auction results, and, thus, which users are targeted with each ad, are proprietary to particular platforms and are not observable to advertisers. It is not precisely known how the algorithms determine relevance for types of users and it may not even be able to be enumerated or reproduced by the platforms themselves.

Our findings have profound implications for marketers who rely on A/B testing of their online ads to inform their marketing strategies. Because of low cost and seemingly scientific appeal, marketers use these online ad tests to develop strategies even beyond just deciding what ad to include in the next campaign. So, when platforms do not explicitly state that these experiments are not truly randomized, it gives marketers a false sense of security about their data-driven decisions.

A Fundamental Problem with Online Advertising

We argue that this issue is not just a technical flaw in this tool but a fundamental characteristic of how the online advertising business operates. The platform's primary goal is to maximize ad performance, not to provide experimental results for marketers. Therefore, these platforms have little incentive to let advertisers untangle the effect of ad content from the effect of their proprietary targeting algorithms. Marketers are left in a difficult position in that they must either accept the confounded results from these tests or invest in more complex and costly methods to truly understand the impact of creative elements in their ads.



Our study makes its case using simulation, statistical analysis, and a demonstration of divergent delivery from an actual A/B test run in the field. We challenge the common belief that results from A/B tests that compare multiple ads provide the same ability to draw causal conclusions as do randomized experiments. Marketers should be aware that the differences in effects of ads A and B that are reported by these platforms may not fully capture the true impact of their ads. By recognizing these limitations, marketers can make more informed decisions and avoid the pitfalls of misinterpreting data from these tests.

Advice for Advertisers

We offer the following recommendations for those using A/B testing tools:

- If your goal is to predict which ad creatives will perform best in a *targeted* environment—under the same conditions on the same ad platform with the same campaign setting—our advice is to carry on using the available A/B testing tools. Experimenters with this goal may not mind—and even may prefer—that their A/B tests lack balance across ad creative treatments and lack representativeness of the subjects.

- If the goal is to learn how different ad creatives generate different responses more generally, the report of the test should include the disclaimer that the A/B comparisons were made on a subset of the audience, across different mixes of users optimized for each ad separately, where subjects were selected by the proprietary algorithm.

- If the marketing objective is to extrapolate comparisons between ad content for use outside of the current platform (e.g., marketing strategy development, or offline advertising where randomized experimentation and user tracking is more challenging), our advice is to not rely on these A/B tests for causal evidence about the effects of creative content across ads. The analytics team, for instance, should warn that results are confounded by how the algorithm determined which ad treatments were most relevant to different experimental subjects. These disclosures should also be made by academic researchers who use A/B test results for scientific inference.

To summarize, an A/B test may appear to be an easy way to run field experiments to learn about the effects of ads, imagery, and messaging. But experimenters who run A/B tests in targeted online advertising environments should know what they are really getting. Our concern is not the mere usage of certain types of A/B tests. Rather, it is the presentation of results as if they came from balanced experiments and subsequent conclusions and managerial decisions based on those results. **MN**

READ THE FULL ARTICLE
Michael Braun and Eric M. Schwartz, "Where A/B Testing Goes Wrong: How Divergent Delivery Affects What Online Experiments Cannot (and Can) Tell You About How Customers Respond to Advertising," *Journal of Marketing*.

How to Time Your Product Launch for Maximum Success

BY THOMAS ROBINSON AND ELA VERESIU

Over 30,000 new products are launched annually, yet 95% fail. Recent examples, such as the contrasting fates of Google Glass and Ray-Ban Meta Smart Glasses, highlight how timing can make or break technology adoption. A new *Journal of Marketing* study finds that timing is more than a logistical decision—it is a strategic tool that determines whether stakeholders embrace or reject innovation.

Our research team uncovers how firms can strategically time their technology launches by aligning internal coordination with stakeholder readiness. Success comes when managers treat timing as a dynamic, strategic process that creates trust, clarity, and excitement among stakeholders.

Key Findings

THE FOUR TIMING SCENARIOS

We identify four timing scenarios that shape the outcomes of tech launches:

1. **Antagonistic Timing:** Low firm coordination and low stakeholder readiness create a "delegitimate" launch moment. For example, Google Glass failed in 2013 because of privacy concerns and cultural resistance.

2. **Synergistic Timing:** High firm coordination and high stakeholder readiness lead to a successful launch. Ray-Ban Meta Smart Glasses exemplify this, entering a market now open to augmented reality eyewear.

3. **Flexible Timing:** High stakeholder readiness but low firm coordination. Stakeholders drive the market, requiring firms to act swiftly to meet demand.

4. **Inflexible Timing:** High firm coordination but low stakeholder readiness. Firms must work to build trust and align expectations to overcome skepticism.

TIMING AS A STRATEGIC PROCESS

Timing is a social game that requires tact, patience, and foresight. Launching too early risks overwhelming stakeholders, while launching too late can result in missed opportunities. Success lies in calibrating firm actions to meet stakeholder readiness.

Firms must build market readiness by addressing four key factors: utility, legislative standards, shared values, and interpersonal trust. These efforts ensure stakeholders view the launch as credible, relevant, and aligned with their needs.

LESSONS FROM TECHNOLOGY MARKETS

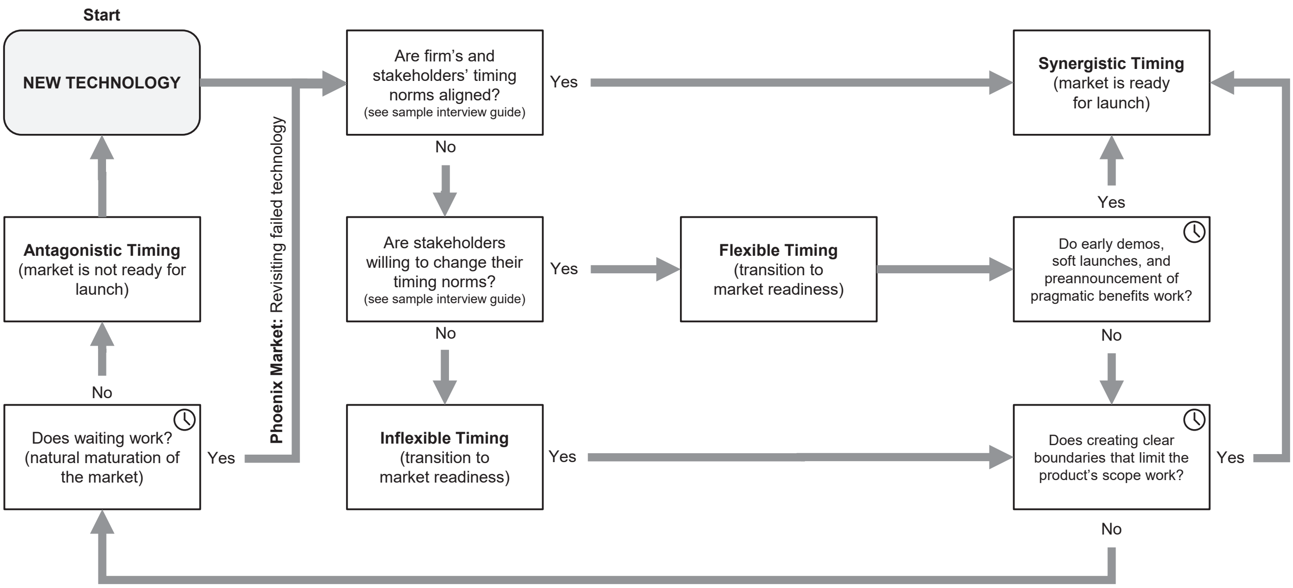
The journey from antagonistic to synergistic timing often involves reintroducing products that failed previously. For instance, the augmented reality market took a decade to mature after Google Glass, paving the way for current successes. Flexible and inflexible timing scenarios are transitional stages. Managers navigating these moments must focus on bridging gaps between stakeholder expectations and firm actions. For example, firms facing inflexible timing need to create boundaries and trust to make disruptive technologies more accessible.

Practical Recommendations for Managers

Understand the Timing Scenarios: Managers must assess whether their launch moment aligns with stakeholder readiness and internal coordination. Identifying the current scenario—antagonistic, synergistic, flexible, or inflexible—provides a roadmap for action.

Managers should be aware that individuals' timing norms may differ by technology type, as evidenced by Google's various product launches occurring in different market timing situations: Google Glass was launched in antagonistic timing, Google Gemini and its extension Google Lumiere are facing flexible timing, and Google Fitbit 6 was launched in an inflexible timing situation.

Build Stakeholder Readiness: Invest in education, marketing, and regulatory alignment to create a foundation of trust and familiarity. These steps help stakeholders understand the product's value and reduce resistance.



Treat Timing as a Continuous Process: Rather than viewing timing as a single decision, managers should approach it as a series of adjustments. This dynamic approach ensures launches remain aligned with evolving market conditions.

DECISION TREE

So how can managers make the right decision? We provide a decision tree (above) with suggestions for marketing research:

Before launching a product, managers must ensure alignment between their firm's and stakeholders' timing norms (e.g., consumers, influencers, regulators). This involves market research through surveys or interviews to identify optimal timing (see sample questionnaire). If timing norms align, the market is ready and a launch date can be set immediately. Misalignment requires further analysis of stakeholders' willingness to adapt, using specific questions to gauge flexibility.

If stakeholders are willing to adapt, managers should use strategies like preannouncements, demos, and soft releases to cocreate an ideal launch moment. Publicizing minor imperfections can help build readiness, especially in market-driving situations. For stakeholders unwilling to adapt, managers should focus on building trust by controlling the product's scope and allowing gradual changes to prepare the market.

If these approaches fail, managers should consider waiting for the market to mature naturally before revisiting the decision-making process. However, if the market remains resistant, any launch risks failure, necessitating a revision of the product.

Sample Questionnaire

QUESTIONS TO GAUGE IF A FIRM'S EMPLOYEE AND STAKEHOLDER TIMING NORMS ARE ALIGNED:

1. Do you watch out for new technology releases?
   Probe: If so, for which product categories?
   Probe: If so, how do you hear about new tech product releases?

2. How do prospective technology innovation releases make you feel (e.g., excited, horrified, worried, hopeful)?
   Probe: What kinds of technologies are you most excited about?
   Probe: What kinds of technologies are you most scared of? What changes would have to happen to switch your fear to enthusiasm for the new technology?

3. Do you feel equipped to incorporate prospective technology innovations at your workplace?
   Probe: How do you feel equipped or not?

4. Do you feel equipped to incorporate prospective technology innovations in your home?
   Probe: How do you feel equipped or not?

5. Do you feel equipped to incorporate prospective technology innovations in your hobbies and leisure activities?
   Probe: How do you feel equipped or not?

6. Is [the specific function] of [firm's new technology] useful to you? *(Question relates to pragmatic legitimacy pillar)*
   Probe: If no, can you describe a future situation where [specific function] of this technology would become useful to you?

7. Does [specific function] of [firm's new technology] make you feel anxious? annoyed? angry? displeased?
   Probe: If yes, can you describe a future situation where [specific function] of [firm's new technology] would not make you feel positive emotions?

8. In your opinion, are there current laws and official regulations in place to regulate [specific function] of [firm's new technology]? *(Question relates to regulative legitimacy pillar)*
   Probe: If yes, please describe the current laws and regulations that you think apply.
   Probe: If not, what laws and regulations should be put in place in the future to regulate [specific function] of this technology?

9. Do you think the world would be a better place overall with [firm's new technology]? *(Question relates to normative legitimacy pillar)*
   Probe: Please describe your answer.

10. Do you think [specific function] of [firm's new technology] can improve your standing among your peers at work? Among your family and friends? *(Question relates to relational legitimacy pillar)*
    Probe: If no, can you describe a future situation where [specific function] would not compromise you with your peers at work? At home and in your social circles?

11. Can you currently make sense of [specific function] of [firm's new technology]? *(Question relates to regulative cultural-cognitive legitimacy pillar)*
    Probe: If no, can you describe a future situation where [specific function] of this technology would make sense to you?

12. When do you think [firm's new technology] should be launched?
    Probe: Please justify your answer.

QUESTIONS TO GAUGE IF STAKEHOLDERS ARE WILLING TO CHANGE THEIR TIMING NORMS:

1. Are you willing to change your practices and habits now if a new technology was created that significantly improved society?
   Probe: If no, can you imagine a future where you would change your practices and habits for this prospective technology? What would this future look like?

2. Are you willing to change your practices and habits now if a new technology was created that made your work routines easier and/or more efficient?
   Probe: If no, can you imagine a future where you would change your practices and habits at work for this prospective technology? What would this future look like?

3. Are you willing to change your practices and habits now if a new technology was created that made your home life and routines easier and/or more efficient?
   Probe: If no, can you imagine a future where you would change your practices and habits at home for this prospective technology? What would this future look like?

4. Are you willing to change your practices and habits now if a new technology was created that made your hobbies and leisure time more entertaining?
   Probe: If no, can you imagine a future where you would change your practices and habits during your leisure time for this prospective technology? What would this future look like?

5. Are there certain industries where you are comfortable with a company releasing an unfinished technological innovation for consumers to try and test?
   Probe: Which industries?

6. Are there specific industries where you think companies should never release a technological innovation before it is fully finished and thoroughly tested?
   Probe: Which industries?

Timing is not just about "when" but about "how." Firms that treat timing as a strategic tool can transform innovation into market success. Whether rescuing a failed product or launching a groundbreaking new technology, aligning firm actions with stakeholder readiness is key to achieving synergistic timing. MN

JOURNAL of Marketing

READ THE FULL ARTICLE
Thomas Robinson and Ela Veresiu, "Timing Legitimacy: Identifying the Optimal Moment to Launch Technology in the Market," *Journal of Marketing.*

Are Short-Term Metrics Ruining Influencer–Brand Partnerships?

BY ZEYNEP ARSEL, MARIA CAROLINA ZANETTE, AND CAROLINA DA ROCHA MELO

Influencer marketing has become a central strategy for brands seeking to connect with audiences, but its effectiveness is increasingly under scrutiny. Recent debates on whether these partnerships deliver real ROI highlight the persistent challenges. A *Journal of Marketing* study finds that while sponsored content is a powerful tool, the dynamics of influencer–brand relationships are often fraught with ambiguities that can harm both creators and brands.

Our research team explores the nuances of these partnerships and uncovers critical insights for improving their effectiveness. We find that the way brands manage these collaborations—often through excessive control and reliance on short-term metrics—creates imbalances that undermine trust, content quality, and overall outcomes.

The Dynamics of Sponsored Content

Sponsored content operates in a unique space where brands, influencers, and audiences converge. While influencers offer authenticity and audience trust, brands often prioritize reach and sales metrics. This mismatch of goals can lead to friction.

Our study reveals that brands frequently attempt to script influencer content or impose stringent controls on messaging. While this approach aims to ensure alignment with brand objectives, it often devalues the creative expertise that makes influencers effective. This not only damages the influencers' relationships with their audience but also reduces the perceived authenticity of the partnership.

Power Imbalances in Partnerships

We find that these collaborations often favor brands, leaving influencers with little agency. For example:

- Influencers are pressured to prioritize metrics like reach or sales, which can shift their focus away from creating engaging, authentic content.

- In response, some influencers resort to acquiring fake followers or engagement to meet brand expectations, which in turn triggers surveillance and distrust from brands.

This cycle of control and distrust weakens partnerships, ultimately harming both parties' reputations and outcomes.

The Risks of Short-Term Thinking

Short-term metrics, such as immediate sales or engagement rates, dominate many influencer–brand partnerships. While these metrics are easy to measure, they often miss the broader value that influencers bring—such as long-term brand loyalty, deeper audience engagement, and organic reach.

Brands that focus solely on short-term results risk undermining the authenticity of their campaigns and alienating audiences.

Recommendations for Brands and Influencers

FOR BRANDS:

- **Respect Creative Independence:** Recognize that influencers have their own unique voices and audiences. Avoid over-scripting or pressuring influencers to change their tone, which can jeopardize their authenticity and effectiveness.

- **Focus on Long-Term Metrics:** Shift away from a narrow focus on reach and sales. Instead, prioritize metrics that reflect long-term impact, such as audience loyalty or sentiment.

- **Build Trust:** Reduce hierarchical dynamics in partnerships. Collaborate with influencers as equal partners, acknowledging their expertise and audience insights.

FOR INFLUENCERS:

- **Professionalize Business Practices:** Invest in skills or outsource management tasks to handle the business side of partnerships more effectively, freeing up time for creative work.

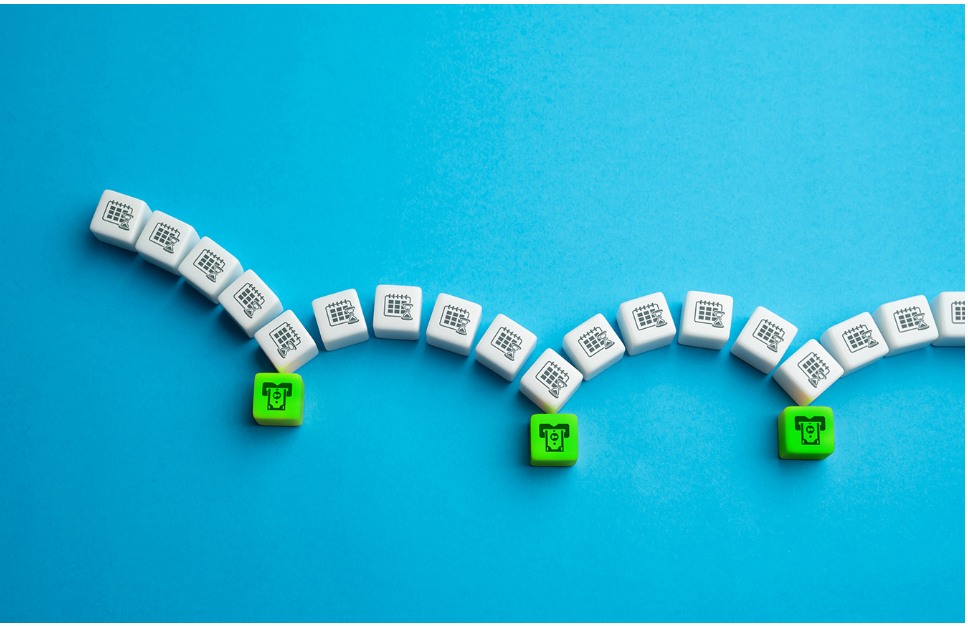
- **Collaborate with Peers:** Engage in collective action to address power imbalances and advocate for fairer terms in partnerships.

The insights from this study extend beyond influencer marketing. We argue that similar challenges arise in other emerging markets involving complex, "epistemic" objects—products or services that are not fully understood by their creators or consumers. Examples include NFTs, the metaverse, and generative AI. In these contexts, valuation and production often involve ambiguities that lead to imbalanced relationships among stakeholders.

Brands and creators working in these spaces can benefit from more calibrated valuation models and efforts to flatten hierarchies, fostering trust and mutual understanding. Influencer–brand partnerships are here to stay, but their potential remains underutilized. Brands and influencers must move beyond short-term metrics and hierarchical relationships to unlock the true value of these collaborations. By fostering trust, respecting creative independence, and focusing on long-term impact, both parties can create campaigns that resonate deeply with audiences while achieving meaningful results. MN

READ THE FULL ARTICLE

Zeynep Arsel, Maria Carolina Zanette, and Carolina da Rocha Melo, "Sponsored Content as an Epistemic Market Object: How Platformization of Brand–Creator Partnerships Disrupts Valuation, Coproduction, and the Relationship Between Market Actors," *Journal of Marketing*.



Research Insights

Quick Takes from AMA Journals Research

BY T.J. ANDERSON

How Your Brand's Reputation Should—and Shouldn't—Affect Employee Pay

High-prestige brands may be tempted to leverage their reputation to pay employees less. But a *Journal of Marketing Research* study suggests this strategy backfires in the long run, showing that lower wages can lead to decreased productivity, higher employee turnover, and ultimately, lower profits.

The study distinguishes between two types of brand differentiation: vertical differentiation, where brands are perceived as high-quality (e.g., Mercedes), and horizontal differentiation, where brands are valued for their uniqueness (e.g., Jeep). While high-quality brands often use their prestige to justify lower salaries, unique brands tend to pay more to attract employees who align with their distinct identity. The study shows that although high-prestige brands' cost-saving approach to wages may initially lead to payroll savings, they suffer from reduced employee motivation and retention.

Conversely, unique brands that pay higher wages see stronger employee commitment and better financial performance. Because employees of such brands can't easily transfer their experience to higher-paying jobs elsewhere, offering competitive pay ensures loyalty and effort. These findings suggest that managers should adjust their competitive pay benchmarking according to the relative levels of both vertical and horizontal brand differentiation.

WHAT YOU NEED TO KNOW

- Consider your brand image when constructing pay benchmarks, as your brand's perceived quality and uniqueness have opposing pressures on employee pay.
- Do not leverage your brand's perceived quality to pay less, as this results in a net profit loss due to negative effects on employee productivity and retention.
- Paying employees more based on your brand's perceived uniqueness can result in a net profit gain due to positive effects on employee productivity and retention.

READ THE FULL ARTICLE

Christine Moorman, Alina Sorescu, and Nader T. Tavassoli, "Brands in the Labor Market: How Vertical and Horizontal Brand Differentiation Impact Pay and Profits Through Employee–Brand Matching," *Journal of Marketing Research*. doi:10.1177/00222437231184429.

How Cultural Values Influence International B2B Sales During Price Increases

In response to global crises, companies across industries and countries are increasing prices to safeguard their profitability. But although price increases reflect a plausible response to higher input costs, such increases can severely alter business relationships and

risk future sales. This *Journal of International Marketing* study shows that the ways in which customer firms respond to a price hike depends on the magnitude of the price increase as well as the cultural origin of the customer firm. If customers originate from a country whose culture emphasizes the development of communal norms (e.g., countries that are long-term oriented), their communal norms can buffer against the demand-hampering effects of (at least small) price increases. Therefore, under specific conditions, small price increases can even boost sales revenues with a business customer. In contrast, however, larger price increases uniformly harm sales revenues generated with a customer. In these instances, the firms' buyers are forced to rely on exchange norms when evaluating the price increase and—in a quid pro quo manner—are likely to reduce business with the firm.

The study underscores the importance of recognizing the differences between B2C and B2B markets when analyzing the effects of price increases. Unlike in consumer markets, even small price increases can lead to reduced sales revenues in B2B contexts, as they negatively affect overall customer demand. In addition, understanding cultural values is crucial for B2B companies, customer account managers, and salespeople. Firms should tailor their pricing strategies to account for cultural variations.

WHAT YOU NEED TO KNOW

- Companies facing cost increases for raw materials should be cautious when implementing price hikes, considering the potential negative consequences on customer demand.
- International sales managers should segment customers based on cultural value–based dimensions to tailor price increases effectively. For example, markets with high long-term orientation respond well to low price increases, while cultures with low power distance can be negatively impacted by even medium price increases.
- Sales managers need to ensure that salespeople operating in international markets are trained to navigate diverse cultural norms when implementing price increases so that they offer compensations that align with cultural values, mitigating the potential negative impacts of price increases on relationships.

READ THE FULL ARTICLE

Maximilian Friess and Roland Kassemeier, "Price Increases and Their Financial Consequences in International Business-to-Business Selling," *Journal of International Marketing*. doi:10.1177/1069031X231214160.

When Do Consumers Decide to Redeem Rewards Points? The Role of Loyalty Program Design

Many companies offer loyalty programs in which members' purchases earn them points they can later redeem for discounts, exclusive perks, and other benefits. But when do consumers decide to redeem the loyalty points they have earned rather than paying money for a purchase? In this *Journal of Marketing Research* study, the authors show that consumers are less likely to redeem loyalty points when the loyalty program's exchange rate between money and points is variable (e.g., 25,000 points may be redeemed for a range of flights or hotel stays that vary in price) than when it is fixed (e.g., 100 points = $1 across redemptions), holding constant the average value of points. A variable point exchange rate induces more optimism than a fixed exchange rate, which in turn reduces point redemption.

Although firms administering loyalty programs incur lower costs in the short term when members do not redeem points, they miss opportunities to increase member engagement. Using a variable exchange rate reduces point redemption, which potentially reduces subsequent sales and revenue. Moreover, from a financial perspective, outstanding loyalty points are treated as a liability (deferred revenue), which has become a significant balance sheet item for many firms.

WHAT YOU NEED TO KNOW

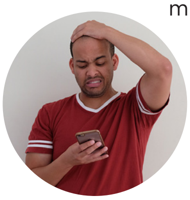
- Consumers are less likely to redeem loyalty points when the loyalty program's exchange rate between money and points is variable (as in American Airlines' AAdvantage Program) than when it is fixed (as in Nordstrom Rewards).
- Consumer optimism plays a role in reward point redemption.
- Although using a variable exchange rate can lower short-term costs by reducing loyalty point redemption, it can reduce subsequent sales due to the "rewarded behavior effect" and can increase balance sheet liability due to outstanding loyalty points.

READ THE FULL ARTICLE

So Yeon Chun and Rebecca W. Hamilton, "Paying with Money or Paying with Points: How Variable Versus Fixed Exchange Rates Influence Loyalty Point Redemption," *Journal of Marketing Research*. doi:10.1177/00222437241255650.

Memes in Marketing: Act Fast or They'll Backfire

Internet memes are fast becoming part of the marketing toolkit, but they can lose their relevance as the trend represented in the meme fades. This study examines the fad dynamics of internet memes to estimate how quickly a meme's attractiveness fades. Findings show that highly regarded meme expressions increase the meme's usage, which persists for about two weeks. However, overuse and inappropriate use of memes in marketing can destroy the brand value.



Marketing managers must act swiftly to leverage the viral nature of trending content. Timeliness is essential, as memes lose relevance and appeal quickly. Managers must understand the audience's humor and references, ensuring the meme resonates and aligns with the brand's voice and values.

The meme should also be relevant to the product or service being marketed, creating a natural connection that enhances brand messaging. Too frequent use or use without genuine relevance can make a brand seem out of touch.

With a strategic approach, memes can be an effective and fun way to engage audiences, but they require careful management. Measuring the impact of meme-driven campaigns is essential for success. Managers should track engagement metrics, monitor for any potential backlash, and recognize when a meme's popularity is growing or waning. Meme marketing agencies—a specialization within digital marketing—can provide expertise in monitoring and quickly leveraging meme popularity and effectiveness.

WHAT YOU NEED TO KNOW

- Marketing managers must act swiftly to leverage viral trending memes and avoid overuse.
- Using a meme that fails to resonate well with the target audience can backfire. Managers must understand the audience's humor and references, ensuring the meme aligns with the brand's voice and values.
- The meme should also be relevant to the product or service being marketed, creating a natural connection that enhances brand messaging.

READ THE FULL ARTICLE

Michael R. Ward, "Internet Meme Marketing over the Fad Cycle," *Journal of Interactive Marketing*. doi:10.1177/10949968251320612.

Where GenAI Succeeds—and Fails—in Creating Experiential Marketing Narratives

Generative AI is revolutionizing marketing by offering efficient ways to create compelling content. By using generative AI tools like ChatGPT, marketers can quickly generate posts that sound engaging and professional. What are the benefits and potential risks of relying on AI for marketing communications?

ChatGPT 4, for example, can generate content that resonates well with audiences, often displaying higher levels of positivity and increased variety in language use. The content generated can lead to stronger purchase intentions—especially for unbranded social media posts rather than specific brand messaging.

However, AI tools like ChatGPT often struggle with capturing sensory details. Human writers, drawing from real-life experiences, are better at conveying nuanced physical sensations and emotions that connect deeply with consumers. Additionally, generative AI tends to produce overly positive emotions and can sometimes "hallucinate" or generate misleading information that seems plausible but is not accurate.

These tendencies present risks for marketers relying solely on AI for content creation. To ensure accuracy and avoid potential misinformation, businesses need to maintain human oversight when deploying AI-generated content. By balancing AI's efficiency with the nuanced touch of human input, marketers can harness the best of both worlds—using AI to scale content production while keeping it relatable and trustworthy for consumers.

WHAT YOU NEED TO KNOW

- Generative AI can create engaging marketing narratives, but compared with human experts, it may struggle with capturing sensory experiences and using varied language effectively.
- In unbranded social media content, ChatGPT 4 shows more varied language use and boosts purchase intentions, offering strong potential for consumer engagement.
- Marketers should note AI's tendency toward overly positive emotions and the risk of hallucinations, making human oversight essential for accuracy.

READ THE FULL ARTICLE

Yingting Wen and Sandra Laporte, "Experiential Narratives in Marketing: A Comparison of Generative AI and Human Content," *Journal of Public Policy & Marketing*. doi:10.1177/07439156241297973.

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